



H.R. 2798 – Overseas Private Investment Corporation Reauthorization of 2007

Floor Situation

H.R. 2798 is being considered on the floor under suspension of the rules and will require a two-thirds majority vote for passage. This legislation was introduced by Rep. Brad Sherman (D-CA) on June 20, 2007. The House Committee on Foreign Affairs approved the bill, as amended, by a vote of 23 to 5 on June 26, 2007.

H.R. 2798 is expected to be considered on the floor on July 23, 2007.

Note: The Ranking Member of the Foreign Affairs Committee, Rep. Ileana Ros-Lehtinen (R-FL), is a co-sponsor of the bill.

Background

The Overseas Private Investment Corporation (OPIC) is a government corporation designed to facilitate U.S. business investment in developing nations by assuming some of the economic and political risks. It is intended to promote economic and social development by serving as a compliment to U.S. development assistance. OPIC was first established as a U.S. agency in 1971 under the Nixon administration. According to the Committee Report, "OPIC has supported \$177,000,000,000 in assistance in more than 150 developing countries, helping to create more than 800,000 jobs and some \$13,000,000,000 in host-government revenues."

OPIC currently operates in more than 150 countries throughout the world. OPIC's authorization is set to expire on September 30, 2007.

Summary

H.R. 2798 extends the authority for OPIC to issue political risk insurance and to finance investments in developing countries and emerging market economies with direct loans and loan guarantees through September 30, 2011. Included in the bill are several adjustments to OPIC's current authorization, including:

International Workers Rights: The bill requires OPIC to only support projects in countries that have made or are making significant progress towards recognizing, adopting, and implementing laws that substantially provide international worker rights. International worker rights are defined as the International Labor Organization (ILO) core labor standards. It also requires that investors agree not to obstruct employees from exercising their international worker rights. Finally, the bill gives preferential consideration to project proposals in countries with laws that substantially protect international worker rights.

Environmental Assessments: The bill requires OPIC's project applicants to submit an environmental impact assessment prior to approval for any project that is likely to have a significant adverse impact on the environment. It also requires projects that fall into this category to obtain broad community support to the maximum extent possible.

Climate Change: The bill requires OPIC to develop a climate change mitigation strategy based on the goal of increasing support for projects that use, develop, or promote the use of clean energy technologies. OPIC shall submit a report on the plan to Congress within 6 months.

Extraction Investments: For projects over \$10 million involving an extractive industry (defined as an enterprise engaged in the exploration, development, or extraction of oil and gas reserves, metal ores, gemstones, industrial minerals, or coal), the bill requires Congressional notification. Additionally, the investors or the host country must agree to implement the [Extractive Industries Transparency Initiative principles](#) or very similar principles. Finally, the bill gives preferential consideration to project proposals in which the investor and the host country have committed to implementing these principles.

Armenia: The bill prohibits OPIC support for the development or promotion of any railway between Azerbaijan and Turkey that does not include Armenia.

State Sponsors of Terror: The bill prohibits OPIC assistance for persons with certain business activities with state sponsors of terror.

Transparency and Accountability: The bill requires OPIC to publish summaries of all new projects on its website and to publish them in the Federal Register. Additionally, the bill mandates that OPIC's investment fund managers be selected through a full and open competition. GAO is required to do an independent evaluation of OPIC's investment fund portfolio.

Iraq: The bill extends the authority allowing OPIC to provide assistance for projects in Iraq.

West Bank and Gaza: The bill prohibits funding for projects in the West Bank and Gaza unless the Secretary of State certifies that the location of the project is not under the control of Hamas or any other foreign terrorist organization.

Cost

According to the Congressional Budget Office, implementing H.R. 2798 would cost \$6 million in 2008 and \$74 million from 2008 to 2012.

[CBO Estimate for H.R. 2798, Overseas Private Investment Corporation Reauthorization Act of 2007](#)

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